

The Honorable Thomas S. Zilly

UNITED STATES DISTRICT COURT  
WESTERN DISTRICT OF WASHINGTON  
AT SEATTLE

JEREMY JAEGER, Individually and on Behalf  
of All Others Similarly Situated,

Plaintiff,

v.

ZILLOW GROUP, INC., RICHARD  
BARTON, ALLEN PARKER, AND JEREMY  
WACKSMAN,

Defendants.

No. 2:21-CV-01551-TSZ

**DEFENDANTS' ANSWER TO THE  
CORRECTED CONSOLIDATED  
CLASS ACTION COMPLAINT**

ANSWER TO THE CORRECTED  
CONSOLIDATED CLASS ACTION  
COMPLAINT  
(No. 2:21-cv-01551-TSZ)

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Defendants Zillow Group, Inc. ("Zillow" or the "Company")<sup>1</sup>, Richard Barton ("Barton"), Allen Parker ("Parker"), and Jeremy Wacksman ("Wacksman") (collectively, "Defendants"), by and through their undersigned counsel, respectfully submit their Answer to the Corrected Consolidated Class Action Complaint (ECF 71, "CC") filed by Lead Plaintiff Jeremy Jaeger ("Plaintiff"). Defendants deny all of the CC's allegations unless expressly admitted herein.<sup>2</sup>

The first two non-numbered paragraphs of the CC reflect Plaintiff's characterization of its own allegations to which no response is required. To the extent a response is required, Defendants deny those allegations. Defendants answer the allegations in the like-numbered paragraphs and subparagraphs of the CC as follows:

#### **I. NATURE OF ACTION**

1. Defendants admit that Zillow is incorporated in Washington and that Zillow's principal executive offices are located in Seattle, Washington. Defendants further admit that from 2011 to August 2015, Zillow issued Class A common stock, which traded under the ticker symbol "Z." Defendants also admit that Zillow issues Class C capital stock, which trades under the ticker symbol "Z," and Class A common stock, which trades under the ticker symbol "ZG." Defendants deny all remaining allegations contained in paragraph 1 of the CC not specifically admitted herein.

2. Defendants deny the allegations contained in paragraph 2 of the CC, except they admit that Zillow operates a real estate website in the United States, "zillow.com," and other real estate websites such as Trulia and StreetEasy, and they admit that beginning in 2018, Zillow launched its iBuying business called Zillow Offers.

<sup>1</sup> References to "Zillow" prior to February 2015 refer to Zillow, Inc. and refer to Zillow Group, Inc. after that time.

<sup>2</sup> The headings and subheadings set forth in this Answer are the headings and subheadings set forth in the CC, for reference purposes only. The headings and subheadings do not contain allegations of fact to which a response is required. To the extent a response is required, Defendants deny the allegations contained in each and every heading and subheading of the CC, including those set off by roman numeral, letter, and number.

1           3. Defendants deny the allegations contained in paragraph 3 of the CC. As to allegations  
2 regarding other companies engaged in the iBuying business, Defendants lack knowledge or  
3 information sufficient to form a belief as to the truth of those allegations, and therefore deny them.

4           4. Defendants deny the allegations contained in paragraph 4 of the CC, except they admit  
5 that Zillow operated an iBuying business called Zillow Offers.

6           5. Defendants deny the allegations contained in paragraph 5 of the CC, except they admit  
7 that on February 21, 2019, Zillow issued a press release stating that Rich Barton would return as Chief  
8 Executive Officer of Zillow. Defendants refer to the February 21, 2019 press release for its complete  
9 and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the  
10 press release and further deny any factual inferences or legal conclusions made by Plaintiff based on  
11 the press release.

12           6. Defendants deny the allegations contained in paragraph 6 of the CC. Defendants refer  
13 to Zillow's February 21, 2019 press release for its complete and accurate contents. Defendants deny  
14 any paraphrasing, summarizing, or characterization of the press release and further deny any factual  
15 inferences or legal conclusions made by Plaintiff based on the press release. Defendants lack  
16 knowledge or information sufficient to form a belief as to the accuracy of the purported statement  
17 of the unidentified "market commentator" and therefore deny it. Defendants also deny any  
18 paraphrasing, summarizing, or characterization of the purported statement of the unidentified "market  
19 commentator" and further deny any factual inferences or legal conclusions made by Plaintiff based on  
20 the purported statement.

21           7. Defendants deny the allegations contained in paragraph 7 of the CC. Defendants refer  
22 to Zillow's February 21, 2019 press release for its complete and accurate contents. Defendants deny  
23 any paraphrasing, summarizing, or characterization of the press release and further deny any factual  
24 inferences or legal conclusions made by Plaintiff based on the press release. Defendants lack  
25 knowledge or information sufficient to form a belief as to the accuracy of the purported statement  
26 of the unidentified "market commentator" and therefore deny it. Defendants also deny any

1 paraphrasing, summarizing, or characterization of the purported statement of the unidentified "market  
2 commentator" and further deny any factual inferences or legal conclusions made by Plaintiff based on  
3 the purported statement.

4 8. Defendants deny the allegations contained in paragraph 8 of the CC, except they admit  
5 that in March 2020, the Company temporarily paused its Zillow Offers home buying. As to the  
6 allegations regarding Zillow's revenues in the second quarter of 2021, Defendants refer to Zillow's  
7 Form 10-Q filed on August 5, 2021 for its complete and accurate contents regarding Zillow's financial  
8 results for the second quarter of 2021. Defendants deny any paraphrasing, summarizing, or  
9 characterization of the Form 10-Q and further deny any factual inferences or legal conclusions made  
10 by Plaintiff based on the Form 10-Q.

11 9. Defendants deny the allegations contained in paragraph 9 of the CC. Defendants deny  
12 any paraphrasing, summarizing, or characterization of the alleged Wall Street Journal article referenced  
13 in paragraph 9 and further deny any factual inferences or legal conclusions made by Plaintiff based on  
14 the alleged article. Plaintiff cites an unidentified Zillow statement, which appears to be a reference  
15 to Mr. Stan Humphries' February 25, 2021 interview with Bloomberg. Defendants refer to the  
16 interview for its complete and accurate contents. Defendants deny any paraphrasing, summarizing,  
17 or characterization of the interview and further deny any factual inferences or legal conclusions  
18 made by Plaintiff based on the interview.

19 10. Defendants deny the allegations contained in paragraph 10 of the CC.

20 11. Defendants deny the allegations contained in paragraph 11 of the CC. Plaintiff cites  
21 unidentified Zillow statements, which appear to be references to a February 11, 2021 Zillow  
22 conference presentation and a February 27, 2019 Zillow conference presentation. Plaintiff also  
23 cites to a statement allegedly made on February 11, 2021, which appears to be a reference to the  
24 February 10, 2021 Zillow quarterly earnings call. Defendants refer to the transcripts of the  
25 presentations and earnings call referenced in paragraph 11 for their complete and accurate contents.  
26

1 Defendants deny any paraphrasing, summarizing, or characterization of the transcripts and further  
 2 deny any factual inferences or legal conclusions made by Plaintiff based on the transcripts.

3 12. Defendants deny the allegations contained in paragraph 12 of the CC. Defendants deny  
 4 any paraphrasing, summarizing, or characterization of the alleged Wall Street Journal article referenced  
 5 in paragraph 12 and further deny any factual inferences or legal conclusions made by Plaintiff based  
 6 on the alleged article.

7 13. Defendants deny the allegations contained in paragraph 13 of the CC. Defendants deny  
 8 any paraphrasing, summarizing, or characterization of the alleged Wall Street Journal article referenced  
 9 in paragraph 13 and further deny any factual inferences or legal conclusions made by Plaintiff based  
 10 on the alleged article.

11 14. Defendants deny the allegations contained in paragraph 14 of the CC, except they  
 12 admit that Defendant Parker spoke during a quarterly earnings call on May 4, 2021. Defendants  
 13 refer to the transcript of the call for its complete and accurate contents. Defendants deny any  
 14 paraphrasing, summarizing, or characterization of the transcript and further deny any factual  
 15 inferences or legal conclusions made by Plaintiff based on the transcript. Plaintiff also cites to an  
 16 unidentified Zillow statement, which appears to be a reference to the press release Zillow issued  
 17 on June 15, 2021. Defendants refer to the press release for its complete and accurate contents.  
 18 Defendants deny any paraphrasing, summarizing, or characterization of the press release and  
 19 further deny any factual inferences or legal conclusions made by Plaintiff based on the press  
 20 release.

21 15. Defendants deny the allegations contained in paragraph 15 of the CC. Defendants  
 22 lack knowledge or information sufficient to form a belief as to the accuracy of the purported  
 23 statement of the unidentified source in paragraph 15 and therefore deny it. Defendants also deny  
 24 any paraphrasing, summarizing, or characterization of the purported statement of the unidentified  
 25 source and further deny any factual inferences or legal conclusions made by Plaintiff based on the  
 26 purported statement.

1           16. Defendants deny the allegations contained in paragraph 16 of the CC. Defendants  
 2 lack knowledge or information sufficient to form a belief as to the accuracy of the purported  
 3 statement of the unidentified "financial press" in paragraph 16 and therefore deny it. Defendants  
 4 also deny any paraphrasing, summarizing, or characterization of the purported statement of the  
 5 unidentified "financial press" referenced in paragraph 16 and further deny any factual inferences  
 6 or legal conclusions made by Plaintiff based on the purported statement.

7           17. Defendants deny the allegations contained in paragraph 17 of the CC. Defendants  
 8 further deny any paraphrasing, summarizing, or characterization of the alleged Wall Street Journal  
 9 article referenced in paragraph 17 and further deny any factual inferences or legal conclusions  
 10 made by Plaintiff based on the alleged article.

11           18. Defendants deny the allegations contained in paragraph 18 of the CC, except they  
 12 admit that Zillow purchased 1,856 homes in the first quarter of 2021; 3,805 homes in the second  
 13 quarter of 2021; and 9,680 homes in the third quarter of 2021. Defendants refer to the May 4, 2021,  
 14 August 5, 2021, and November 2, 2021 shareholder letters for their complete and accurate contents  
 15 regarding the financial results for Zillow Offers from first quarter of 2021 through third quarter of  
 16 2021. Defendants deny any paraphrasing, summarizing, or characterization of the shareholder letters  
 17 and further deny any factual inferences or legal conclusions made by Plaintiff based on the shareholder  
 18 letters.

19           19. Defendants deny the allegations contained in paragraph 19 of the CC. Defendants  
 20 deny any paraphrasing, summarizing, or characterization of the alleged Wall Street Journal article  
 21 referenced in paragraph 19 and further deny any factual inferences or legal conclusions made by  
 22 Plaintiff based on the alleged article.

23           20. Defendants deny the allegations contained in paragraph 20 of the CC. Defendants  
 24 deny any paraphrasing, summarizing, or characterization of the alleged Business Insider article  
 25 referenced in paragraph 20 and further deny any factual inferences or legal conclusions made by  
 26 Plaintiff based on the alleged article.

21. Defendants deny the allegations contained in paragraph 21 of the CC.

22. Defendants deny the allegations contained in paragraph 22 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Business Insider article referenced in paragraph 22 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged article.

23. Defendants deny the allegations contained in paragraph 23 of the CC, except they admit that on August 5, 2021, Zillow held a second quarter of 2021 earnings conference call. Defendants refer to the transcript of the call for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the transcript and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcript.

24. Defendants deny the allegations contained in paragraph 24 of the CC, except they admit that (i) Zillow held a second quarter of 2021 earnings conference call; (ii) Zillow issued a shareholder letter for the second quarter of 2021; and (iii) Defendant Parker spoke during the second quarter of 2021 earnings conference call. Defendants refer to the letter or transcript of the call for their complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the letter or transcript and further deny any factual inferences or legal conclusions made by Plaintiff based on the letter or transcript.

25. Defendants deny the allegations contained in paragraph 25 of the CC.

26. Defendants deny the allegations contained in paragraph 26 of the CC, except they admit that Zillow held a second quarter of 2021 earnings conference call. Defendants refer to the transcript of the call for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the transcript and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcript.

27. Defendants deny the allegations contained in paragraph 27 of the CC, except they admit that (i) Zillow held a quarterly earnings conference call on August 5, 2021; and (ii) Defendant Parker spoke during the earnings conference call on August 5, 2021. Defendants refer

1 to the transcript of the call for its complete and accurate contents. Defendants deny any  
 2 paraphrasing, summarizing, or characterization of the transcript and further deny any factual  
 3 inferences or legal conclusions made by Plaintiff based on the transcript.

4 28. Defendants deny the allegations contained in paragraph 28 of the CC. Defendants  
 5 deny any paraphrasing, summarizing, or characterization of the alleged Barclays, Berenberg, and  
 6 Piper Sandler reports referenced in paragraph 28 and further deny any factual inferences or legal  
 7 conclusions made by Plaintiff based on the alleged reports.

8 29. Defendants deny the allegations contained in paragraph 29 of the CC, except they  
 9 admit that (i) Zillow made a conference presentation on September 13, 2021; and (ii) Defendant  
 10 Wacksman spoke during the conference presentation on September 13, 2021. Defendants refer to  
 11 the transcript of the presentation for its complete and accurate contents. Defendants deny any  
 12 paraphrasing, summarizing, or characterization of the transcript and further deny any factual  
 13 inferences or legal conclusions made by Plaintiff based on the transcript. Defendants deny any  
 14 paraphrasing, summarizing, or characterization of the alleged Piper Sandler report referenced in  
 15 paragraph 29 of the CC and further deny any factual inferences or legal conclusions made by  
 16 Plaintiff based on the alleged report.

17 30. Defendants deny the allegations contained in paragraph 30 of the CC. Defendants  
 18 deny any paraphrasing, summarizing, or characterization of the alleged RBC Capital Markets  
 19 report referenced in paragraph 30 of the CC and further deny any factual inferences or legal  
 20 conclusions made by Plaintiff based on the alleged report. Defendants also refer to Zillow's  
 21 publicly available stock price information for its complete and accurate contents.

22 31. Defendants deny the allegations contained in paragraph 31 of the CC, except they  
 23 admit that on October 18, 2021, Zillow issued a press release. Defendants refer to the October 18, 2021  
 24 press release for its complete and accurate contents. Defendants deny any paraphrasing, summarizing,  
 25 or characterization of the press release and further deny any factual inferences or legal conclusions  
 26



1 made by Plaintiff based on the press release. Defendants also refer to Zillow's publicly available  
2 stock price information for its complete and accurate contents.

3 32. Defendants deny the allegations contained in paragraph 32 of the CC. Defendants  
4 lack knowledge or information sufficient to form a belief as to the accuracy of the purported  
5 reporting of the unidentified "media outlets" and therefore deny them. Defendants deny any  
6 paraphrasing, summarizing, or characterization of the purported reporting of the unidentified  
7 "media outlets" and alleged KeyBanc Capital Market report and further deny any factual inferences  
8 or legal conclusions made by Plaintiff based on the purported reporting. Defendants also refer to  
9 Zillow's publicly available stock price information for its complete and accurate contents.

10 33. Defendants deny the allegations contained in paragraph 33 of the CC, except they  
11 admit that on November 2, 2021, Zillow issued a press release announcing its plan to wind down  
12 Zillow Offers. Defendants refer to the November 2, 2021 press release for its complete and accurate  
13 contents. Defendants deny any paraphrasing, summarizing, or characterization of the press release and  
14 further deny any factual inferences or legal conclusions made by Plaintiff based on the press release.

15 34. Defendants deny the allegations contained in paragraph 34 of the CC. Defendants also  
16 refer to Zillow's publicly available stock price information for its complete and accurate contents.

17 35. Defendants deny the allegations contained in paragraph 35 of the CC. Defendants  
18 lack knowledge or information sufficient to form a belief as to the accuracy of the purported reports  
19 by unidentified "[a]nalysts and market commentators" and therefore deny them. Defendants deny  
20 any paraphrasing, summarizing, or characterization of the purported reports by unidentified  
21 "[a]nalysts and market commentators" and the alleged Piper Sandler report and further deny any  
22 factual inferences or legal conclusions made by Plaintiff based on the alleged reports.

23 36. Defendants deny the allegations contained in paragraph 36 of the CC. Defendants  
24 deny any paraphrasing, summarizing, or characterization of the alleged Stephens report referenced  
25 in paragraph 36 and further deny any factual inferences or legal conclusions made by Plaintiff  
26 based on the alleged report.

37. The allegations contained in paragraph 37 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 37 of the CC.

## **II. JURISDICTION AND VENUE**

38. The allegations contained in paragraph 38 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 38 of the CC, except they admit that the CC purports to assert claims for violations of §§ 10(b) and 20(a) of the Securities Exchange Act of 1934 and SEC Rule 10b-5.

39. The allegations contained in paragraph 39 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 39 of the CC.

40. The allegations contained in paragraph 40 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 40 of the CC, but admit that Zillow is headquartered in Seattle, Washington.

41. The allegations contained in paragraph 41 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 41 of the CC.

## **III. PARTIES**

### **A. Plaintiff**

42. Defendants deny that Plaintiff has suffered any damages as a result of alleged violations of the federal securities laws. As to the remaining allegations contained in paragraph 42 of the CC, Defendants lack knowledge or information sufficient to form a belief as to the truth of those allegations, and therefore deny them.

1           **B.     Corporate Defendant**

2           43.     Defendants admit that Zillow is incorporated in Washington and that Zillow's  
3     headquarters are located in Seattle, Washington. Defendants further admit that Zillow's Class A  
4     common stock trades on Nasdaq under the ticker symbol "ZG" and its Class C capital stock trades  
5     on the Nasdaq under the ticker symbol "Z." Defendants also admit that Zillow provides its  
6     customers an on-demand experience for selling, buying, renting, and financing. Defendants deny  
7     all remaining allegations contained in paragraph 43 of the CC not specifically admitted herein.

8           **C.     Executive Defendants**

9           44.     Defendants deny the allegations contained in paragraph 44 of the CC, except they  
10    admit that (i) Defendant Barton co-founded Zillow; (ii) Defendant Barton served as Zillow's Chief  
11    Executive Officer until 2010; (iii) Defendant Barton became Zillow's Executive Chairman in 2010;  
12    and (iv) Defendant Barton returned as Zillow's Chief Executive Officer in 2019.

13          45.     Defendants deny the allegations contained in paragraph 45 of the CC, except they  
14    admit that Defendant Parker is Zillow's Chief Financial Officer.

15          46.     Defendants deny the allegations contained in paragraph 46 of the CC, except they  
16    admit that (i) Defendant Wacksman has been Zillow's Chief Operating Officer since February  
17    2021; (ii) Defendant Wacksman previously served as President of Zillow; and (iii) Defendant  
18    Wacksman previously served as Zillow's Chief Marketing Officer.

19          47.     The allegations contained in paragraph 47 of the CC are Plaintiff's characterizations  
20    of the CC and conclusions of law to which no response is required. To the extent a response is  
21    required, Defendants deny the allegations contained in paragraph 47 of the CC.

22          48.     The allegations contained in paragraph 48 of the CC are Plaintiff's conclusions of  
23    law to which no response is required. To the extent a response is required, Defendants deny the  
24    allegations contained in paragraph 48 of the CC.

49. The allegations contained in paragraph 49 of the CC are Plaintiff's conclusions of law to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 49 of the CC.

50. The allegations contained in paragraph 50 of the CC are Plaintiff's characterizations of the CC to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 50 of the CC.

#### **D. Relevant Non-Parties –Former Zillow Employees**

51. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 51 of the CC, and therefore deny them.

52. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 52 of the CC, and therefore deny them.

53. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 53 of the CC, and therefore deny them.

54. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 54 of the CC, and therefore deny them.

55. Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations contained in paragraph 55 of the CC, and therefore deny them.

#### **IV. FACTUAL ALLEGATIONS**

##### **A. Zillow and Its Pivot from Its Roots to Zillow 2.0**

56. Defendants admit that (i) Zillow was founded in 2004 by Defendant Barton and Mr. Frink, among others; (ii) Zillow completed its initial public offering in July 2011; (iii) from 2011 to August 2015, Zillow Class A common stock traded under the ticker symbol "Z"; (iv) Zillow's Class B shares are unlisted; (v) Zillow issues Class C capital stock, which trades under the ticker symbol "Z," and Class A common stock, which trades under the ticker symbol "ZG"; and (vi) shareholders of Zillow's Class A and Class B stock received a dividend of two shares of Class C stock for each share

1 of Class A and B stock they held. Defendants deny all remaining allegations contained in paragraph  
2 56 of the CC not specifically admitted herein.

3 57. Defendants admit that (i) during the alleged Class Period (as defined in the CC, and  
4 without admitting that any exists or that this matter is appropriate for class certification), Zillow  
5 had three reporting segments: (1) Homes, (2) Internet, Media & Technology ("IMT"), and (3)  
6 Mortgages; (ii) the Homes segment was involved in the purchase and sale of homes and included  
7 the Zillow Offers and Zillow Closing Services businesses; (iii) the IMT segment included the  
8 Premier Agent business; and (iv) the Mortgage segment included the Zillow Home Loans business.  
9 Defendants deny all remaining allegations contained in paragraph 57 of the CC not specifically  
10 admitted herein.

11 58. Defendants admit that Zillow publishes online real estate listings and home-price  
12 estimates, called Zestimates. As to allegations regarding Zillow's revenue growth, Defendants refer  
13 to Zillow's Form 10-Ks filed on February 12, 2016, February 7, 2017, February 15, 2018, and  
14 February 21, 2019 for their complete and accurate contents regarding Zillow's annual revenue  
15 growth. Defendants deny any paraphrasing, summarizing, or characterization of the Form 10-Ks  
16 and further deny any factual inferences or legal conclusions made by Plaintiff based on the Form  
17 10-Ks. Defendants also refer to Zillow's publicly available stock price information for its complete  
18 and accurate contents. Defendants deny all remaining allegations contained in paragraph 58 of the  
19 CC not specifically admitted herein.

20 59. Defendants deny the allegations contained in paragraph 59 of the CC, except they  
21 admit that on April 12, 2018, Zillow issued a press release. Defendants refer to the April 12, 2018 press  
22 release for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or  
23 characterization of the press release and further deny any factual inferences or legal conclusions made  
24 by Plaintiff based on the press release. Defendants also admit that (i) Zillow entered the "iBuyer"  
25 space with Zillow Offers; and (ii) through Zillow Offers, Zillow made offers to buy homes directly  
26 from homeowners.

60. Defendants deny the allegations contained in paragraph 60 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged CNN Business report and purported quote referenced in paragraph 60 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged report and purported quote.

61. Defendants deny the allegations contained in paragraph 61 of the CC.

62. Defendants deny the allegations contained in paragraph 62 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged RBC and Wedbush reports referenced in paragraph 62 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged reports.

63. Defendants deny the allegations contained in paragraph 63 of the CC, except they admit that on April 12, 2018, Zillow issued a press release. Defendants refer to the April 12, 2018 press release for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the press release and further deny any factual inferences or legal conclusions made by Plaintiff based on the press release.

64. Defendants deny the allegations contained in paragraph 64 of the CC, except they admit that on February 21, 2019, Zillow issued a press release stating that Rich Barton would return as Chief Executive Officer of Zillow and Mr. Frink would be named Executive Chairman. Defendants refer to the February 21, 2019 press release for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the press release and further deny any factual inferences or legal conclusions made by Plaintiff based on the press release.

65. Defendants deny the allegations contained in paragraph 65 of the CC. Plaintiff cites an unidentified interview with Defendant Barton, which appears to be a reference to a February 21, 2019 GeekWire article describing an interview with Defendant Barton. Defendants refer to the interview for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the interview with Defendant Barton referenced in paragraph 65 and further deny any factual inferences or legal conclusions made by Plaintiff based on the interview.

66. Defendants deny the allegations contained in paragraph 66 of the CC. Defendants lack knowledge or information sufficient to form a belief as to the accuracy of the purported statements of the unidentified "market commentator" and therefore deny them. Defendants also deny any paraphrasing, summarizing, or characterization of the purported statements of the unidentified "market commentator" and further deny any factual inferences or legal conclusions made by Plaintiff based on the purported statements.

67. Defendants deny the allegations contained in paragraph 67 of the CC, except they admit that on February 21, 2019, Zillow issued a press release. Defendants refer to the February 21, 2019 press release for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the press release and further deny any factual inferences or legal conclusions made by Plaintiff based on the press release. Defendants also deny any paraphrasing, summarizing, or characterization of the alleged Wedbush report referenced in paragraph 67 of the CC and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged report.

68. Defendants deny the allegations contained in paragraph 68 of the CC. As to the allegations regarding Zillow's revenue in 2019, Defendants refer to Zillow's 2019 financial results as stated in Zillow's Form 10-K filed on February 19, 2020. Defendants deny any paraphrasing, summarizing, or characterization of the Form 10-K and further deny any factual inferences or legal conclusions made by Plaintiff based on the Form 10-K. Defendants also deny any paraphrasing, summarizing, or characterization of the alleged Canaccord Genuity report referenced in paragraph 68 of the CC and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged report.

69. Defendants deny the allegations contained in paragraph 69 of the CC, except they admit that (i) in March 2020, the Company temporarily paused its Zillow Offers home buying; (ii) on May 18, 2020, Zillow issued a press release regarding its resumption of home buying in four markets; and (iii) on August 6, 2020, Zillow issued a press release, which Plaintiff purports to quote in paragraph



69. Defendants refer to the May 18, 2020 and August 6, 2020 press releases for their complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the press releases and further deny any factual inferences or legal conclusions made by Plaintiff based on the press releases. As to allegations regarding Zillow's revenue for the second quarter of 2021, Zillow refers to its financial results for the second quarter of 2021 as stated in its Form 10-Q filed on August 5, 2021. Defendants deny any paraphrasing, summarizing, or characterization of the Form 10-Q and further deny any factual inferences or legal conclusions made by Plaintiff based on the Form 10-Q.

**B. Defendants Considered Zillow's Ability to Accurately Predict Home Values As Critical to Zillow Offers' Success**

70. Defendants deny the allegations contained in paragraph 70 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Oppenheimer report referenced in paragraph 70 of the CC, and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged Oppenheimer report.

71. Defendants deny the allegations contained in paragraph 71 of the CC.

72. Defendants deny the allegations contained in paragraph 72 of the CC.

73. Defendants deny the allegations contained in paragraph 73 of the CC.

74. Defendants deny the allegations contained in paragraph 74 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Wall Street Journal article or Wolfe Research report referenced in paragraph 74 of the CC and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged Wall Street Journal article and Wolfe Research report.

75. Defendants deny the allegations contained in paragraph 75 of the CC, except they admit that Defendant Barton spoke during a conference presentation on February 26, 2019 and a quarterly earnings call February 19, 2020. Defendants refer to the transcripts of the presentation and call for their complete and accurate contents. Defendants deny any paraphrasing, summarizing,



1 or characterization of the transcripts and further deny any factual inferences or legal conclusions  
2 made by Plaintiff based on the transcripts.

3 76. Defendants deny the allegations contained in paragraph 76 of the CC, except they  
4 admit that Defendant Barton spoke during a quarterly earnings call on May 7, 2020 and a  
5 conference presentation on November 18, 2020. Defendants refer to the transcripts of the call and  
6 presentation for their complete and accurate contents. Defendants deny any paraphrasing,  
7 summarizing, or characterization of the transcripts and further deny any factual inferences or legal  
8 conclusions made by Plaintiff based on the transcripts.

9 77. Defendants deny the allegations contained in paragraph 77 of the CC, except they  
10 admit that on February 25, 2021, Zillow issued a press release titled "Zillow Starts Making Cash  
11 Offers For the Zestimate." Defendants refer to the February 25, 2021 press release for its complete  
12 and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the  
13 press release and further deny any factual inferences or legal conclusions made by Plaintiff based on  
14 the press release.

15 78. Defendants deny the allegations contained in paragraph 78 of the CC. Defendants refer  
16 to Zillow's February 25, 2021 press release for its complete and accurate contents. Defendants deny  
17 any paraphrasing, summarizing, or characterization of the press release and further deny any factual  
18 inferences or legal conclusions made by Plaintiff based on the press release.

19 79. Defendants deny the allegations contained in paragraph 79 of the CC, except they  
20 admit that on February 25, 2021, Mr. Stan Humphries was interviewed by Bloomberg. Defendants  
21 refer to that interview for its complete and accurate contents. Defendants deny any paraphrasing,  
22 summarizing, or characterization of the interview referenced in paragraph 79 and further deny any  
23 factual inferences or legal conclusions made by Plaintiff based on the alleged interview.

24 80. Defendants deny the allegations contained in paragraph 80 of the CC, except they  
25 admit that (i) Zillow made a conference presentation on March 10, 2021; and (ii) Defendant  
26 Wacksman spoke during the conference presentation on March 10, 2021. Defendants refer to the

transcript of the presentation for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the transcript and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcript. Defendants also deny any paraphrasing, summarizing, or characterization of the alleged Stephens report referenced in paragraph 80 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged report.

**C. Defendants Believed That Scaling Zillow Offers and Driving Down Costs Was Critical to Its Success**

81. Defendants deny the allegations contained in paragraph 81 of the CC. Plaintiff cites statements which appear to be references to a February 11, 2021 conference presentation and a February 10, 2021 Zillow quarterly earnings call. Defendants refer to the transcripts of the conference and earnings call for their complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the transcripts and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcripts. Defendants also deny any paraphrasing, summarizing, or characterization of the alleged Wall Street Journal article referenced in paragraph 81 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged article.

82. Defendants deny the allegations contained in paragraph 82 of the CC. Plaintiff cites unidentified Zillow statements, which appear to be references to a February 27, 2019 conference presentation and a February 11, 2021 conference presentation. Defendants refer to the transcripts of the presentations referenced in paragraph 82 for their complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the sources of the quoted statements and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcripts.

83. Defendants deny the allegations contained in paragraph 83 of the CC. Plaintiff cites an unidentified Zillow statement, which appears to be a reference to the February 27, 2019 Zillow conference presentation. Defendants refer to the transcript of the presentation referenced in paragraph

83 for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the transcript and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcript. Defendants also deny any paraphrasing, summarizing, or characterization of the alleged Bloomberg article referenced in paragraph 83 of the CC and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged article.

84. Defendants deny the allegations contained in paragraph 84 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Guggenheim, BTIG, Deutsche Bank, and RBC reports referenced in paragraph 84 of the CC and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged reports.

**D. Zillow Announces Positive Home Unit Economics in Two Consecutive Quarters, Sparking Positive Market Reaction**

85. Defendants deny the allegations contained in paragraph 85 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Truist report referenced in paragraph 85 of the CC and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged report.

86. Defendants deny the allegations contained in paragraph 86 of the CC, except they admit that Zillow hosted a quarterly earnings call and issued a press release on February 10, 2021. Defendants refer to the transcript of the call and press release for their complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the transcript or press release and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcript or press release.

87. Defendants deny the allegations contained in paragraph 87 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Deutsche Bank, BTIG, and JMP reports referenced in paragraph 87 of the CC and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged reports.

88. Defendants deny the allegations contained in paragraph 88 of the CC, except they admit that (i) Zillow hosted a quarterly earnings call and issued a press release on May 4, 2021; and (ii) Defendant Parker and Defendant Barton spoke during the May 4, 2021 earnings call. Defendants refer to the transcript of the call and press release for their complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the transcript or press release and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcript or press release.

89. Defendants deny the allegations contained in paragraph 89 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Deutsche Bank and Truist reports referenced in paragraph 89 of the CC and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged reports.

**E. Despite Purportedly Positive Results, Defendants Decided That Zillow's Pricing Model Was Underpricing Homes for the Current Economic Environment, Causing It to Miss Volume Targets**

90. Defendants deny the allegations contained in paragraph 90 of the CC, except they admit that the housing market appreciated in the fourth quarter of 2020 and the first quarter of 2021. Defendants further refer to Zillow's Form 10-K filed on February 12, 2021 and Zillow's Form 10-Q filed on May 4, 2021 for their complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the SEC filings and further deny any factual inferences or legal conclusions made by Plaintiff based on the SEC filings. Defendants also deny any paraphrasing, summarizing, or characterization of the alleged Wall Street Journal article referenced in paragraph 90 of the CC and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged article.

91. Defendants deny the allegations contained in paragraph 91 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Wall Street Journal article referenced

1 in paragraph 91 of the CC and further deny any factual inferences or legal conclusions made by  
 2 Plaintiff based on the alleged article.

3 92. Defendants deny the allegations contained in paragraph 92 of the CC.

4 93. Defendants deny the allegations contained in paragraph 93 of the CC.

5 94. Defendants deny the allegations contained in paragraph 94 of the CC.

6 95. Defendants deny the allegations contained in paragraph 95 of the CC.

7 96. Defendants deny the allegations contained in paragraph 96 of the CC.

8 **F. Zillow Tells the Market That Zillow Has Improved Its Pricing Model to More**  
 9 **Accurately Understand Market Trends, Despite Deciding to Override It**

10 97. Defendants deny the allegations contained in paragraph 97 of the CC, except they  
 11 admit that Defendant Parker spoke during a quarterly earnings call on May 4, 2021. Defendants  
 12 refer to the transcript of the call for its complete and accurate contents. Defendants deny any  
 13 paraphrasing, summarizing, or characterization of the transcript and further deny any factual  
 14 inferences or legal conclusions made by Plaintiff based on the transcript.

15 98. Defendants deny the allegations contained in paragraph 98 of the CC. Defendants deny  
 16 any paraphrasing, summarizing, or characterization of the alleged BTIG, Oppenheimer, and Canaccord  
 17 Genuity analyst reports referenced in paragraph 98 of the CC and further deny any factual inferences  
 18 or legal conclusions made by Plaintiff based on the alleged reports.

19 99. Defendants deny the allegations contained in paragraph 99 of the CC, except they  
 20 admit that on June 15, 2021, Zillow issued a press release titled "Zillow Launches New Neural  
 21 Zestimate, Yielding Major Accuracy Gains." Defendants refer to the June 15, 2021 press release for  
 22 its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or  
 23 characterization of the press release and further deny any factual inferences or legal conclusions made  
 24 by Plaintiff based on the press release. Defendants also deny any paraphrasing, summarizing, or  
 25 characterization of the alleged Canaccord Genuity report referenced in paragraph 99 of the CC and  
 26 further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged report.

**G. Project Ketchup: To Increase Volume, Zillow Put Overlays on Top of Its Algorithm, Which Caused It to Significantly Overpay for Homes**

100. Defendants deny the allegations contained in paragraph 100 of the CC.

101. Defendants deny the allegations contained in paragraph 101 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Wall Street Journal article referenced in paragraph 101 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged article.

102. Defendants deny the allegations contained in paragraph 102 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Wall Street Journal article referenced in paragraph 102 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged article.

103. Defendants deny the allegations contained in paragraph 103 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Bloomberg article referenced in paragraph 103 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged article.

104. Defendants deny the allegations contained in paragraph 104 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Business Insider article referenced in paragraph 104 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged article.

105. Defendants deny the allegations contained in paragraph 105 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Business Insider article referenced in paragraph 105 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged article.

106. Defendants deny the allegations contained in paragraph 106 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Business Insider article

1 referenced in paragraph 106 and further deny any factual inferences or legal conclusions made by  
 2 Plaintiff based on the alleged article.

3 107. Defendants deny the allegations contained in paragraph 107 of the CC.

4 108. Defendants deny the allegations contained in paragraph 108 of the CC.

5 109. Defendants deny the allegations contained in paragraph 109 of the CC.

6 110. Defendants deny the allegations contained in paragraph 110 of the CC.

7 111. Defendants deny the allegations contained in paragraph 111 of the CC.

8 112. Defendants deny the allegations contained in paragraph 112 of the CC.

9 113. Defendants deny the allegations contained in paragraph 113 of the CC.

10 114. Defendants deny the allegations contained in paragraph 114 of the CC.

11 115. Defendants deny the allegations contained in paragraph 115 of the CC. Defendants  
 12 refer to the May 7, 2020, August 6, 2020, November 5, 2020, February 10, 2021, May 4, 2021, August  
 13 5, 2021, November 2, 2021, and February 10, 2022 shareholder letters for their complete and accurate  
 14 contents regarding the financial results for Zillow Offers from the first quarter of 2020 through the  
 15 fourth quarter of 2021. Defendants deny any paraphrasing, summarizing, or characterization of the  
 16 shareholder letters and further deny any factual inferences or legal conclusions made by Plaintiff based  
 17 on the shareholder letters.

18 116. Defendants deny the allegations contained in paragraph 116 of the CC except they  
 19 admit that Zillow purchased 1,856 homes in the first quarter of 2021; 3,805 homes in the second  
 20 quarter of 2021; 9,680 homes in the third quarter of 2021; and 8,594 homes in the fourth quarter  
 21 of 2021. Defendants refer to the May 4, 2021, August 5, 2021, November 2, 2021, and February 10,  
 22 2022 shareholder letters for their complete and accurate contents regarding the financial results for  
 23 Zillow Offers from first quarter of 2021 through the fourth quarter of 2021. Defendants deny any  
 24 paraphrasing, summarizing, or characterization of the letters and further deny any factual inferences or  
 25 legal conclusions made by Plaintiff based on the letters.  
 26



117. Defendants deny the allegations contained in paragraph 117 of the CC. Defendants refer to the February 10, 2021 and February 10, 2022 shareholder letters for their complete and accurate contents regarding the financial results for Zillow Offers from the fourth quarter of 2020 and the fourth quarter of 2021. Defendants deny any paraphrasing, summarizing, or characterization of the letters and further deny any factual inferences or legal conclusions made by Plaintiff based on the letters.

**H. Internally, Zillow Employees Repeatedly Raised Concerns That the Company Was Overpaying for Homes**

118. Defendants deny the allegations contained in paragraph 118 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Wall Street Journal article referenced in paragraph 118 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged article.

119. Defendants deny the allegations contained in paragraph 119 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Wall Street Journal article referenced in paragraph 119 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged article.

120. Defendants deny the allegations contained in paragraph 120 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Bloomberg article referenced in paragraph 120 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged article.

121. Defendants deny the allegations contained in paragraph 121 of the CC.

122. Defendants deny the allegations contained in paragraph 122 of the CC.

123. Defendants deny the allegations contained in paragraph 123 of the CC.

124. Defendants deny the allegations contained in paragraph 124 of the CC.

125. Defendants deny the allegations contained in paragraph 125 of the CC.

126. Defendants deny the allegations contained in paragraph 126 of the CC.



**I. Project Ketchup: To Increase Volume, Zillow Squeezed Its Contractors, Which Caused Contractors to Refuse Jobs and Created a Massive Backlog**

127. Defendants deny the allegations contained in paragraph 127 of the CC.

128. Defendants deny the allegations contained in paragraph 128 of the CC.

129. Defendants deny the allegations contained in paragraph 129 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Business Insider article referenced in paragraph 129 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged article.

130. Defendants deny the allegations contained in paragraph 130 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Business Insider article referenced in paragraph 130 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged article.

131. Defendants deny the allegations contained in paragraph 131 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Business Insider article referenced in paragraph 131 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged article.

132. Defendants deny the allegations contained in paragraph 132 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Business Insider article referenced in paragraph 132 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged article.

133. Defendants deny the allegations contained in paragraph 133 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Business Insider article referenced in paragraph 133 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged article.

134. Defendants deny the allegations contained in paragraph 134 of the CC. As to allegations regarding FE-5's alleged experiences after leaving Zillow, Defendants lack knowledge

1 or information sufficient to form a belief as to the truth of those allegations and therefore deny  
2 them.

3 135. Defendants deny the allegations contained in paragraph 135 of the CC.

4 136. Defendants deny the allegations contained in paragraph 136 of the CC.

5 137. Defendants deny the allegations contained in paragraph 137 of the CC.

6 138. Defendants deny the allegations contained in paragraph 138 of the CC.

7 139. Defendants deny the allegations contained in paragraph 139 of the CC.

8 140. Defendants deny the allegations contained in paragraph 140 of the CC.

9 141. Defendants deny the allegations contained in paragraph 141 of the CC.

10 142. Defendants deny the allegations contained in paragraph 142 of the CC.

11 143. Defendants deny the allegations contained in paragraph 143 of the CC.

12 144. Defendants deny the allegations contained in paragraph 144 of the CC.

13 145. Defendants deny the allegations contained in paragraph 145 of the CC.

14 146. Defendants deny the allegations contained in paragraph 146 of the CC.

15 147. Defendants deny the allegations contained in paragraph 147 of the CC.

16 148. Defendants deny the allegations contained in paragraph 148 of the CC.

17 149. Defendants deny the allegations contained in paragraph 149 of the CC.

18 150. Defendants deny the allegations contained in paragraph 150 of the CC.

19 **J. Defendants Materially Misled the Market**

20 **1. Defendants Materially Misled the Market About the Reason for Zillow's**  
21 **Increased Volume and Demand**

22 151. Defendants deny the allegations contained in paragraph 151 of the CC, except they  
23 admit that (i) on August 5, 2021, Zillow held a second quarter of 2021 earnings conference call  
24 and (ii) Zillow issued a shareholder letter for the second quarter of 2021 earnings conference call.  
25 Defendants refer to the transcript of the call and the letter for their complete and accurate contents.  
26 Defendants deny any paraphrasing, summarizing, or characterization of the transcript and the letter

1 and further deny any factual inferences or legal conclusions made by Plaintiff based on the  
2 transcript and the letter.

3 152. Defendants deny the allegations contained in paragraph 152 of the CC, except they  
4 admit that (i) Zillow held a quarterly earnings conference call on August 5, 2021; and (ii)  
5 Defendant Parker spoke during the earnings conference call on August 5, 2021. Defendants refer  
6 to the transcript of the call for its complete and accurate contents. Defendants deny any  
7 paraphrasing, summarizing, or characterization of the transcript and further deny any factual  
8 inferences or legal conclusions made by Plaintiff based on the transcript.

9 153. Defendants deny the allegations contained in paragraph 153 of the CC.

10 154. Defendants deny the allegations contained in paragraph 154 of the CC, except they  
11 admit that Zillow held a second quarter of 2021 earnings conference call. Defendants refer to the  
12 transcript of the call for its complete and accurate contents. Defendants deny any paraphrasing,  
13 summarizing, or characterization of the transcript and further deny any factual inferences or legal  
14 conclusions made by Plaintiff based on the transcript.

15 155. Defendants deny the allegations contained in paragraph 155 of the CC. Defendants  
16 deny any paraphrasing, summarizing, or characterization of the alleged Piper Sandler, Barclays,  
17 and Berenberg reports referenced in paragraph 155 and further deny any factual inferences or legal  
18 conclusions made by Plaintiff based on the alleged reports.

19 156. Defendants deny the allegations contained in paragraph 156 of the CC. Defendants  
20 deny any paraphrasing, summarizing, or characterization of the alleged BTIG, Wedbush, and  
21 Stephens reports referenced in paragraph 156 and further deny any factual inferences or legal  
22 conclusions made by Plaintiff based on the alleged reports.

23 **2. Defendants Materially Misled the Market About the "Durability" of**  
24 **Zillow's Margin Improvements**

25 157. Defendants deny the allegations contained in paragraph 157 of the CC, except they  
26 admit that (i) Zillow held a quarterly earnings conference call on August 5, 2021; and (ii)

1 Defendant Parker spoke during the earnings conference call on August 5, 2021. Defendants refer  
 2 to the transcript of the call for its complete and accurate contents. Defendants deny any  
 3 paraphrasing, summarizing, or characterization of the transcript and further deny any factual  
 4 inferences or legal conclusions made by Plaintiff based on the transcript.

5 158. Defendants deny the allegations contained in paragraph 158 of the CC, except they  
 6 admit that (i) Zillow made a conference presentation on September 13, 2021; and (ii) Defendant  
 7 Wacksman spoke during the conference presentation on September 13, 2021. Defendants refer to  
 8 the transcript of the presentation for its complete and accurate contents. Defendants deny any  
 9 paraphrasing, summarizing, or characterization of the transcript and further deny any factual  
 10 inferences or legal conclusions made by Plaintiff based on the transcript.

11 159. Defendants deny the allegations contained in paragraph 159 of the CC.

12 160. Defendants deny the allegations contained in paragraph 160 of the CC. Defendants  
 13 deny any paraphrasing, summarizing, or characterization of the alleged Stephens and Piper Sandler  
 14 reports referenced in paragraph 160 and further deny any factual inferences or legal conclusions  
 15 made by Plaintiff based on the alleged reports.

16 **K. The Relevant Truth Emerges**

17 161. Defendants deny the allegations contained in paragraph 161 of the CC.

18 162. Defendants deny the allegations contained in paragraph 162 of the CC. Defendants  
 19 deny any paraphrasing, summarizing, or characterization of the alleged RBC Capital Markets  
 20 report referenced in paragraph 162 and further deny any factual inferences or legal conclusions  
 21 made by Plaintiff based on the alleged report.

22 163. Defendants deny the allegations contained in paragraph 163 of the CC. Defendants  
 23 also refer to Zillow's publicly available stock price information for its complete and accurate  
 24 contents.

25 164. Defendants deny the allegations contained in paragraph 164 of the CC. Defendants  
 26 deny any paraphrasing, summarizing, or characterization of the alleged Bloomberg article and

1 Wedbush report referenced in paragraph 164 and further deny any factual inferences or legal  
2 conclusions made by Plaintiff based on the alleged article and report.

3 165. Defendants deny the allegations contained in paragraph 165 of the CC, except they  
4 admit that on October 18, 2021, Zillow issued a press release. Defendants refer to the October 18, 2021  
5 press release for its complete and accurate contents. Defendants deny any paraphrasing, summarizing,  
6 or characterization of the press release or the alleged Wedbush report referenced in paragraph 165  
7 and further deny any factual inferences or legal conclusions made by Plaintiff based on the press  
8 release or alleged report.

9 166. Defendants deny the allegations contained in paragraph 166 of the CC. Defendants  
10 also refer to Zillow's publicly available stock price information for its complete and accurate  
11 contents.

12 167. Defendants deny the allegations contained in paragraph 167 of the CC. Defendants  
13 lack knowledge or information sufficient to form a belief as to the contents of purported statements  
14 from unidentified "media outlets" and therefore deny them. Defendants deny any paraphrasing,  
15 summarizing, or characterization of the purported statements from unidentified "media outlets"  
16 and the alleged KeyBanc Capital Market report referenced in paragraph 167 and further deny any  
17 factual inferences or legal conclusions made by Plaintiff based on the purported statements and  
18 alleged report.

19 168. Defendants deny the allegations contained in paragraph 168 of the CC. Defendants  
20 deny any paraphrasing, summarizing, or characterization of the alleged Bloomberg article referenced  
21 in paragraph 168 and further deny any factual inferences or legal conclusions made by Plaintiff based  
22 on the alleged article.

23 169. Defendants deny the allegations contained in paragraph 169 of the CC. Defendants  
24 also refer to Zillow's publicly available stock price information for its complete and accurate  
25 contents.  
26

1           170. Defendants deny the allegations contained in paragraph 170 of the CC, except they  
 2 admit that on November 2, 2021, Zillow issued a press release announcing its plan to wind down  
 3 Zillow Offers. Defendants refer to the November 2, 2021 press release for its complete and accurate  
 4 contents. Defendants deny any paraphrasing, summarizing, or characterization of the press release and  
 5 further deny any factual inferences or legal conclusions made by Plaintiff based on the press release.

6           171. Defendants deny the allegations contained in paragraph 171 of the CC, except they  
 7 admit that Defendant Barton spoke during the November 2, 2021 earnings call. Defendants refer  
 8 to the transcript of the call for its complete and accurate contents. Defendants deny any  
 9 paraphrasing, summarizing, or characterization of the transcript and further deny any factual  
 10 inferences or legal conclusions made by Plaintiff based on the transcript. Defendants also deny  
 11 any paraphrasing, summarizing, or characterization of the alleged BTIG report referenced in  
 12 paragraph 171 and further deny any factual inferences or legal conclusions made by Plaintiff based  
 13 on the alleged report.

14           172. Defendants deny the allegations contained in paragraph 172 of the CC. Defendants  
 15 refer to the transcript of the quarterly earnings call on November 2, 2021 for its complete and  
 16 accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the  
 17 transcript and further deny any factual inferences or legal conclusions made by Plaintiff based on  
 18 the transcript.

19           173. Defendants deny the allegations contained in paragraph 173 of the CC. Defendants  
 20 deny any paraphrasing, summarizing, or characterization of the alleged Canaccord Genuity,  
 21 Evercore, and Piper Sandler reports referenced in paragraph 173 and further deny any factual  
 22 inferences or legal conclusions made by Plaintiff based on the alleged reports.

23           174. Defendants deny the allegations contained in paragraph 174 of the CC. Defendants  
 24 also refer to Zillow's publicly available stock price information for its complete and accurate  
 25 contents.  
 26

1           175. Defendants deny the allegations contained in paragraph 175 of the CC. Defendants  
 2 refer to the transcript of the quarterly earnings call on November 2, 2021 for its complete and  
 3 accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the  
 4 transcript and further deny any factual inferences or legal conclusions made by Plaintiff based on  
 5 the transcript.

6           176. Defendants deny the allegations contained in paragraph 176 of the CC. Defendants  
 7 lack knowledge or information sufficient to form a belief as to the accuracy of the purported  
 8 statements of the unidentified "[m]ajor commentators" and therefore deny them. Defendants also deny  
 9 any paraphrasing, summarizing, or characterization of the purported statements of the unidentified  
 10 "[m]ajor commentators" and the alleged Silicon Valley Business Journal article referenced in  
 11 paragraph 176 and further deny any factual inferences or legal conclusions made by Plaintiff based on  
 12 the purported statements and alleged article.

13           177. Defendants deny the allegations contained in paragraph 177 of the CC. Defendants  
 14 deny any paraphrasing, summarizing, or characterization of the alleged Business Insider, Wall  
 15 Street Journal, The New York Times, and National Mortgage News articles referenced in  
 16 paragraph 177 and further deny any factual inferences or legal conclusions made by Plaintiff based  
 17 on the alleged articles.

18           178. Defendants deny the allegations contained in paragraph 178 of the CC. Defendants  
 19 deny any paraphrasing, summarizing, or characterization of the alleged Wedbush, Barclays, Piper  
 20 Sandler, and Berenberg reports referenced in paragraph 178 and further deny any factual  
 21 inferences or legal conclusions made by Plaintiff based on the alleged reports.

22           179. Defendants deny the allegations contained in paragraph 179 of the CC. Defendants  
 23 deny any paraphrasing, summarizing, or characterization of the alleged Piper Sandler report  
 24 referenced in paragraph 179 and further deny any factual inferences or legal conclusions made by  
 25 Plaintiff based on the alleged report.  
 26



180. Defendants deny the allegations contained in paragraph 180 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Stephens report referenced in paragraph 180 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged report.

**V. DEFENDANTS' MATERIALLY FALSE AND MISLEADING STATEMENTS**

**A. August 5, 2021 Q2 2021 Earnings Conference Call**

181. Defendants deny the allegations contained in paragraph 181 of the CC, except they admit that (i) Zillow held a quarterly earnings conference call on August 5, 2021; (ii) Zillow issued a press release regarding the second quarter of 2021 earnings; and (iii) Defendant Barton spoke during the earnings conference call on August 5, 2021. Defendants refer to the transcript of the call and the press release for their complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the transcript or press release and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcript or press release.

182. Defendants deny the allegations contained in paragraph 182 of the CC, except they admit that Zillow issued a shareholder letter for the second quarter of 2021. Defendants refer to the letter for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the letter and further deny any factual inferences or legal conclusions made by Plaintiff based on the letter.

183. Defendants deny the allegations contained in paragraph 183 of the CC, except they admit that (i) Zillow held a second quarter of 2021 earnings conference call on August 5, 2021; and (ii) Defendant Barton and Defendant Parker spoke during the earnings conference call on August 5, 2021. Defendants refer to the transcript of the call for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the transcript and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcript.



184. Defendants deny the allegations contained in paragraph 184 of the CC, except they admit that Defendant Parker spoke during the earnings conference call on August 5, 2021. Defendants refer to the transcript of the call for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the transcript and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcript.

185. Defendants deny the allegations contained in paragraph 185 of the CC, except they admit that Defendant Barton spoke during the earnings conference call on August 5, 2021. Defendants refer to the transcript of the call for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the transcript and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcript.

186. Defendants deny the allegations contained in paragraph 186 of the CC. Defendants refer to the alleged Piper Sandler report for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the alleged report referenced in paragraph 186 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged report.

187. Defendants deny the allegations contained in paragraph 187 of the CC.

188. Defendants deny the allegations contained in paragraph 188 of the CC.

189. Defendants deny the allegations contained in paragraph 189 of the CC.

190. Defendants deny the allegations contained in paragraph 190 of the CC.

**B. September 13, 2021 Piper Sandler 2021 Virtual Global Technology Conference**

191. Defendants deny the allegations contained in paragraph 191 of the CC, except they admit that (i) Zillow made a conference presentation on September 13, 2021; and (ii) Defendant Wacksman spoke during the conference presentation on September 13, 2021. Defendants refer to the transcript of the presentation for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the transcript and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcript.

192. Defendants deny the allegations contained in paragraph 192 of the CC, except they admit that Defendant Wacksman spoke during the conference presentation on September 13, 2021. Defendants refer to the transcript of the presentation for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the transcript and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcript.

193. Defendants deny the allegations contained in paragraph 193 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Piper Sandler report referenced in paragraph 193 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged report.

194. Defendants deny the allegations contained in paragraph 194 of the CC.

195. Defendants deny the allegations contained in paragraph 195 of the CC.

196. Defendants deny the allegations contained in paragraph 196 of the CC.

## **VI. ADDITIONAL ALLEGATIONS OF SCIENTER**

197. The allegations contained in paragraph 197 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 197 of the CC.

### **A. Zillow Offers Was a Core Operation**

198. The allegations contained in paragraph 198 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 198 of the CC, except they admit that Defendant Barton spoke during a March 2, 2020 conference presentation. Defendants refer to the transcript of the March 2, 2020 conference presentation for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the transcript and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcript.

199. Defendants deny the allegations contained in paragraph 199 of the CC, except they admit that (i) Zillow held a second quarter of 2021 earnings conference call; (ii) Defendant Parker

1 spoke during the earnings conference call; (iii) Zillow made a conference presentation on  
 2 September 13, 2021; and (iv) Defendant Wacksman spoke during the conference presentation on  
 3 September 13, 2021. Defendants refer to the transcripts of the call and presentation for their  
 4 complete and accurate contents. Defendants deny any paraphrasing, summarizing, or  
 5 characterization of the transcripts and further deny any factual inferences or legal conclusions  
 6 made by Plaintiff based on the transcripts.

7 200. The allegations contained in paragraph 200 of the CC state legal conclusions to  
 8 which no response is required. To the extent a response is required, Defendants deny the  
 9 allegations contained in paragraph 200 of the CC, except they admit that Defendant Barton spoke  
 10 during the November 2, 2021 earnings call. Defendants refer to the transcript of the call for its  
 11 complete and accurate contents. Defendants deny any paraphrasing, summarizing, or  
 12 characterization of the transcript and further deny any factual inferences or legal conclusions made  
 13 by Plaintiff based on the transcript. Defendants also deny any paraphrasing, summarizing, or  
 14 characterization of the alleged Business Insider article referenced in paragraph 200 and further  
 15 deny any factual inferences or legal conclusions made by Plaintiff based on the alleged article.

16 201. Defendants deny the allegations contained in paragraph 201 of the CC. Defendants  
 17 deny any paraphrasing, summarizing, or characterization of the alleged Canaccord Genuity report and  
 18 further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged report.  
 19 As to allegations regarding Zillow's revenues in 2019, fourth quarter of 2020, and second and fourth  
 20 quarters of 2021, Defendants refer to Zillow's Form 10-Ks filed on February 19, 2020 and February  
 21 12, 2021, Zillow's Form 10-Q filed on August 5, 2021, and Zillow's Form 10-K filed on February 10,  
 22 2022 for their complete and accurate contents regarding Zillow's financial results for 2019, fourth  
 23 quarter of 2020, and second and fourth quarters of 2021, respectively. Defendants deny any  
 24 paraphrasing, summarizing, or characterization of the SEC filings and further deny any factual  
 25 inferences or legal conclusions made by Plaintiff based on the SEC filings.

202. The allegations contained in paragraph 202 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 202 of the CC.

**B. Defendants Admitted Their Visibility into Zillow Offers**

203. Defendants deny the allegations contained in paragraph 203 of the CC. Plaintiff cites unidentified Zillow statements, which appear to be references to the transcripts of Zillow's February 26, 2019 conference presentation and Zillow's quarterly earnings call on February 19, 2020. Defendants refer to the transcripts of the presentation and call for their complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the transcripts referenced in paragraph 203 and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcripts.

204. Defendants deny the allegations contained in paragraph 204 of the CC. Defendants refer to the May 2020 Investor Presentation for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the Investor Presentation and further deny any factual inferences or legal conclusions made by Plaintiff based on the Investor Presentation.

205. Defendants deny the allegations contained in paragraph 205 of the CC, except they admit that on February 25, 2021, Mr. Stan Humphries was interviewed by Bloomberg. Defendants refer to that interview for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the interview and further deny any factual inferences or legal conclusions made by Plaintiff based on the interview.

**C. The Close Temporal Proximity Between Defendants' Misrepresentations and the Partial Revelation of the Relevant Truth Supports a Strong Inference of Scienter**

206. The allegations contained in paragraph 206 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 206 of the CC.

207. Defendants deny the allegations contained in paragraph 207 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Bloomberg article referenced in paragraph 207 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged article.

208. Defendants deny the allegations contained in paragraph 208 of the CC. Defendants lack knowledge or information sufficient to form a belief as to the accuracy of the purported reports of unidentified "media outlets" and therefore deny them. Defendants also deny any paraphrasing, summarizing, or characterization of the purported reports and further deny any factual inferences or legal conclusions made by Plaintiff based on the purported reports.

209. The allegations contained in paragraph 209 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 209 of the CC.

210. Defendants deny the allegations contained in paragraph 210 of the CC, except they admit that Defendant Barton spoke during the November 2, 2021 earnings call. Defendants refer to the transcript of the quarterly earnings call on November 2, 2021 for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the transcript and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcript.

211. Defendants deny the allegations contained in paragraph 211 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Wedbush, Barclays, and

1 Berenberg reports referenced in paragraph 211 and further deny any factual inferences or legal  
2 conclusions made by Plaintiff based on the alleged reports.

3 212. Defendants deny the allegations contained in paragraph 212 of the CC. Defendants  
4 deny any paraphrasing, summarizing, or characterization of the alleged Piper Sandler report  
5 referenced in paragraph 212 and further deny any factual inferences or legal conclusions made by  
6 Plaintiff based on the alleged report.

7 213. Defendants deny the allegations contained in paragraph 213 of the CC. Defendants  
8 deny any paraphrasing, summarizing, or characterization of the alleged Stephens report referenced  
9 in paragraph 213 and further deny any factual inferences or legal conclusions made by Plaintiff  
10 based on the alleged report.

11 214. The allegations contained in paragraph 214 of the CC state legal conclusions to  
12 which no response is required. To the extent a response is required, Defendants deny the  
13 allegations contained in paragraph 214 of the CC.

14 **VII. PARTIAL DISCLOSURE OF THE TRUTH, LOSS CAUSATION, AND ZILLOW'S**  
15 **LOSS OF CREDIBILITY WITH THE ANALYSTS**

16 215. The allegations contained in paragraph 215 of the CC state legal conclusions to  
17 which no response is required. To the extent a response is required, Defendants deny the  
18 allegations contained in paragraph 215 of the CC. Defendants also refer to Zillow's publicly  
19 available stock price information for its complete and accurate contents.

20 216. The allegations contained in paragraph 216 of the CC state legal conclusions to  
21 which no response is required. To the extent a response is required, Defendants deny the  
22 allegations contained in paragraph 216 of the CC. Defendants also refer to Zillow's publicly  
23 available stock price information for its complete and accurate contents.

24 217. The allegations contained in paragraph 217 of the CC state legal conclusions to  
25 which no response is required. To the extent a response is required, Defendants deny the  
26 allegations contained in paragraph 217 of the CC.

1           218. The allegations contained in paragraph 218 of the CC state legal conclusions to  
2 which no response is required. To the extent a response is required, Defendants deny the  
3 allegations contained in paragraph 218 of the CC.

4           **A. October 4, 2021**

5           219. Defendants deny the allegations contained in paragraph 219 of the CC. Defendants  
6 deny any paraphrasing, summarizing, or characterization of the alleged RBC Capital Markets  
7 report referenced in paragraph 219 and further deny any factual inferences or legal conclusions  
8 made by Plaintiff based on the alleged report. Defendants also refer to Zillow's publicly available  
9 stock price information for its complete and accurate contents.

10          220. Defendants deny the allegations contained in paragraph 220 of the CC. Defendants  
11 refer to Zillow's publicly available stock price information for its complete and accurate contents.  
12 Defendants deny any paraphrasing, summarizing, or characterization of the alleged BTIG report  
13 referenced in paragraph 220 and further deny any factual inferences or legal conclusions made by  
14 Plaintiff based on the alleged report.

15          **B. October 17-18, 2021**

16          221. Defendants deny the allegations contained in paragraph 221 of the CC. Defendants  
17 deny any paraphrasing, summarizing, or characterization of the alleged Bloomberg article and  
18 Wedbush report referenced in paragraph 221 and further deny any factual inferences or legal  
19 conclusions made by Plaintiff based on the alleged article and report.

20          222. Defendants deny the allegations contained in paragraph 222 of the CC, except they  
21 admit that on October 18, 2021, Zillow issued a press release. Defendants refer to the October 18, 2021  
22 press release for its complete and accurate contents. Defendants deny any paraphrasing, summarizing,  
23 or characterization of the press release and further deny any factual inferences or legal conclusions  
24 made by Plaintiff based on the press release.

25          223. Defendants deny the allegations contained in paragraph 223 of the CC. Defendants  
26 refer to Zillow's publicly available stock price information for its complete and accurate contents.



224. Defendants deny the allegations contained in paragraph 224 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged BTIG and Piper Sandler reports referenced in paragraph 224 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged reports.

225. Defendants deny the allegations contained in paragraph 225 of the CC, except they admit that on August 5, 2021, Zillow held a second quarter of 2021 earnings conference call. Defendants refer to the transcript of the call for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the transcript and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcript. Defendants also deny any paraphrasing, summarizing, or characterization of the alleged RBC, JMP, Berenberg, and Stephens reports referenced in paragraph 225 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged reports.

**C. November 1, 2021**

226. Defendants deny the allegations contained in paragraph 226 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Canaccord Genuity and Truist reports and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged reports.

227. Defendants deny the allegations contained in paragraph 227 of the CC. Defendants lack knowledge or information sufficient to form a belief as to the accuracy of the purported reporting by unidentified "media outlets" and therefore deny them. Defendants also deny any paraphrasing, summarizing, or characterization of the purported articles by unidentified "media outlets" and the alleged MarketWatch, Los Angeles Times, and KeyBanc articles and report referenced in paragraph 227 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged articles and reports.

228. Defendants deny the allegations contained in paragraph 228 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Bloomberg article referenced



1 in paragraph 228 and further deny any factual inferences or legal conclusions made by Plaintiff based  
2 on the alleged article.

3 229. Defendants deny the allegations contained in paragraph 229 of the CC. Defendants  
4 refer to Zillow's publicly available stock price information for its complete and accurate contents.

5 230. Defendants deny the allegations contained in paragraph 230 of the CC. Defendants  
6 deny any paraphrasing, summarizing, or characterization of the alleged MarketWatch article  
7 referenced in paragraph 230 and further deny any factual inferences or legal conclusions made by  
8 Plaintiff based on the alleged article.

9 **D. November 2, 2021**

10 231. Defendants deny the allegations contained in paragraph 231 of the CC, except they  
11 admit that (i) Zillow issued a press release announcing its plan to wind down Zillow Offers on  
12 November 2, 2021; (ii) Zillow held a quarterly earnings conference call on November 2, 2021; and  
13 (iii) Defendant Barton spoke during the earnings conference call on November 2, 2021. Defendants  
14 refer to the press release and transcript of the call for their complete and accurate contents.  
15 Defendants deny any paraphrasing, summarizing, or characterization of the press release or  
16 transcript and further deny any factual inferences or legal conclusions made by Plaintiff based on  
17 the press release or transcript.

18 232. Defendants deny the allegations contained in paragraph 232 of the CC, except they  
19 admit that Defendant Parker spoke during the earnings conference call on November 2, 2021.  
20 Defendants refer to the transcript of the call for its complete and accurate contents. Defendants  
21 deny any paraphrasing, summarizing, or characterization of the transcript and further deny any  
22 factual inferences or legal conclusions made by Plaintiff based on the transcript.

23 233. Defendants deny the allegations contained in paragraph 233 of the CC, except they  
24 admit that Zillow held a quarterly earnings conference call on November 2, 2021. Defendants refer  
25 to the transcript of the call for its complete and accurate contents. Defendants deny any  
26

1 paraphrasing, summarizing, or characterization of the transcript and further deny any factual  
2 inferences or legal conclusions made by Plaintiff based on the transcript.

3 234. Defendants deny the allegations contained in paragraph 234 of the CC, except they  
4 admit that Defendant Barton spoke during the earnings conference call on November 2, 2021.  
5 Defendants refer to the transcript of the call for its complete and accurate contents. Defendants  
6 deny any paraphrasing, summarizing, or characterization of the transcript and further deny any  
7 factual inferences or legal conclusions made by Plaintiff based on the transcript.

8 235. Defendants deny the allegations contained in paragraph 235 of the CC, except they  
9 admit that Defendant Barton spoke during the earnings conference call on November 2, 2021.  
10 Defendants refer to the transcript of the call for its complete and accurate contents. Defendants  
11 deny any paraphrasing, summarizing, or characterization of the transcript and further deny any  
12 factual inferences or legal conclusions made by Plaintiff based on the transcript.

13 236. Defendants deny the allegations contained in paragraph 236 of the CC, except they  
14 admit that Defendant Barton spoke during the earnings conference call on November 2, 2021.  
15 Defendants refer to the transcript of the call for its complete and accurate contents. Defendants  
16 deny any paraphrasing, summarizing, or characterization of the transcript and further deny any  
17 factual inferences or legal conclusions made by Plaintiff based on the transcript.

18 237. Defendants deny the allegations contained in paragraph 237 of the CC, except they  
19 admit that Zillow held a quarterly earnings conference call on November 2, 2021. Defendants refer  
20 to the transcript of the call for its complete and accurate contents. Defendants deny any  
21 paraphrasing, summarizing, or characterization of the transcript and further deny any factual  
22 inferences or legal conclusions made by Plaintiff based on the transcript.

23 238. The allegations contained in paragraph 238 of the CC state legal conclusions to  
24 which no response is required. To the extent a response is required, Defendants deny the  
25 allegations contained in paragraph 238 of the CC. Defendants also refer to Zillow's publicly  
26 available stock price information for its complete and accurate contents.

**E. Analysts Were Shocked and Called for Management Accountability**

239. Defendants deny the allegations contained in paragraph 239 of the CC, except they admit that Zillow held a third quarter of 2021 earnings conference call. Defendants refer to the transcript of the call for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the transcript and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcript. Defendants lack knowledge or information sufficient to form a belief as to the accuracy of purported statements of unidentified "[m]arket commentators" and therefore deny them. Defendants also deny any paraphrasing, summarizing, or characterization of the purported statements of unidentified "[m]arket commentators" and further deny any factual inferences or legal conclusions made by Plaintiff based on the purported statements.

240. Defendants deny the allegations contained in paragraph 240 of the CC, except they admit that Zillow held a third quarter of 2021 earnings conference call. Defendants refer to the transcript of the call for its complete and accurate contents. Defendants deny any paraphrasing, summarizing, or characterization of the transcript and further deny any factual inferences or legal conclusions made by Plaintiff based on the transcript.

241. Defendants deny the allegations contained in paragraph 241 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Berenberg and Canaccord Genuity reports referenced in paragraph 241 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged reports.

242. Defendants deny the allegations contained in paragraph 242 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged BTIG report and Wall Street Journal article referenced in paragraph 242 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged report and article.

243. Defendants deny the allegations contained in paragraph 243 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Evercore, Piper Sandler,

1 and Truist reports referenced in paragraph 243 and further deny any factual inferences or legal  
2 conclusions made by Plaintiff based on the alleged reports.

3 244. Defendants deny the allegations contained in paragraph 244 of the CC. Defendants  
4 deny any paraphrasing, summarizing, or characterization of the alleged Barclays, RBC, Truist, and  
5 Business Insider reports and article referenced in paragraph 244 and further deny any factual  
6 inferences or legal conclusions made by Plaintiff based on the alleged reports and article.

7 245. Defendants deny the allegations contained in paragraph 245 of the CC. Defendants  
8 deny any paraphrasing, summarizing, or characterization of the alleged Benchmark, BTIG, and  
9 DA Davidson reports referenced in paragraph 245 and further deny any factual inferences or legal  
10 conclusions made by Plaintiff based on the alleged reports.

11 246. Defendants deny the allegations contained in paragraph 246 of the CC. Defendants  
12 lack knowledge or information sufficient to form a belief as to the accuracy of the purported  
13 statement of unidentified "[m]arket commentators" and therefore deny it. Defendants also deny any  
14 paraphrasing, summarizing, or characterization of the purported statement of unidentified "[m]arket  
15 commentators," the alleged Wall Street Journal and New York Times articles, and the Wedbush report  
16 referenced in paragraph 246 and further deny any factual inferences or legal conclusions made by  
17 Plaintiff based on the purported statement and alleged articles and report.

18 247. Defendants deny the allegations contained in paragraph 247 of the CC. Defendants  
19 deny any paraphrasing, summarizing, or characterization of the alleged Piper Sandler, Berenberg,  
20 and Evercore reports and Business Insider article referenced in paragraph 247 and further deny  
21 any factual inferences or legal conclusions made by Plaintiff based on the alleged reports and  
22 article.

23 248. Defendants deny the allegations contained in paragraph 248 of the CC. Defendants  
24 also deny paraphrasing, summarizing, or characterization of the alleged Piper Sandler report  
25 referenced in paragraph 248 and further deny any factual inferences or legal conclusions made by  
26 Plaintiff based on the alleged report.

249. Defendants deny the allegations contained in paragraph 249 of the CC. Defendants deny any paraphrasing, summarizing, or characterization of the alleged Stephens report referenced in paragraph 249 and further deny any factual inferences or legal conclusions made by Plaintiff based on the alleged report.

#### **VIII. INAPPLICABILITY OF THE STATUTORY SAFE HARBOR**

250. The allegations contained in paragraph 250 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 250 of the CC.

251. The allegations contained in paragraph 251 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 251 of the CC.

252. The allegations contained in paragraph 252 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 252 of the CC.

253. The allegations contained in paragraph 253 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 253 of the CC.

254. The allegations contained in paragraph 254 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 254 of the CC.

#### **IX. THE PRESUMPTION OF RELIANCE**

255. The allegations contained in paragraph 255 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 255 of the CC, except they admit that (i) Zillow's common stock meets the requirements for listing and is traded on Nasdaq; (ii) Zillow files periodic reports with

1 the SEC; (iii) Zillow has issued press releases that are publicly available; and (iv) Zillow's common  
 2 stock is covered by certain analysts.

3 256. The allegations contained in paragraph 256 of the CC state legal conclusions to  
 4 which no response is required. To the extent a response is required, Defendants deny the  
 5 allegations contained in paragraph 256 of the CC.

6 257. The allegations contained in paragraph 257 of the CC state legal conclusions to  
 7 which no response is required. To the extent a response is required, Defendants deny the  
 8 allegations contained in paragraph 257 of the CC.

9 **X. CLASS ACTION ALLEGATIONS**

10 258. The allegations contained in paragraph 258 of the CC state legal conclusions to  
 11 which no response is required. To the extent a response is required, Defendants admit that the CC  
 12 purports to be brought on behalf of purchasers of Zillow common stock between August 5, 2021  
 13 and November 2, 2021. Defendants deny the remaining allegations contained in paragraph 258 of  
 14 the CC.

15 259. The allegations contained in paragraph 259 of the CC state legal conclusions to  
 16 which no response is required. To the extent a response is required, Defendants admit that Zillow's  
 17 common stock trades on Nasdaq. Defendants deny the remaining allegations contained in  
 18 paragraph 259 of the CC.

19 260. The allegations contained in paragraph 260 of the CC state legal conclusions to  
 20 which no response is required. To the extent a response is required, Defendants deny the  
 21 allegations contained in paragraph 260 of the CC.

22 261. The allegations contained in paragraph 261 of the CC state legal conclusions to  
 23 which no response is required. To the extent a response is required, Defendants deny the  
 24 allegations contained in paragraph 261 of the CC.  
 25  
 26

262. The allegations contained in paragraph 262 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 262 of the CC.

263. The allegations contained in paragraph 263 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 263 of the CC.

# **XI. CLAIMS BROUGHT PURSUANT TO THE EXCHANGE ACT**

## **COUNT I**

### **FOR VIOLATIONS OF SECTION 10(b) OF THE EXCHANGE ACT AND SEC RULE 10b-5 PROMULGATED THEREUNDER (AGAINST ALL DEFENDANTS)**

264. Defendants repeat each of the above responses as if fully set forth herein.

265. The allegations contained in paragraph 265 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 265 of the CC.

266. The allegations contained in paragraph 266 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 266 of the CC.

267. The allegations contained in paragraph 267 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 267 of the CC.

268. The allegations contained in paragraph 268 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 268 of the CC.



270. The allegations contained in paragraph 270 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 270 of the CC.

271. The allegations contained in paragraph 271 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 271 of the CC.

272. The allegations contained in paragraph 272 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 272 of the CC.

273. The allegations contained in paragraph 273 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 273 of the CC.

274. The allegations contained in paragraph 274 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 274 of the CC.

## COUNT II

**FOR VIOLATIONS OF SECTION 20(a) OF THE EXCHANGE ACT  
(AGAINST THE EXECUTIVE DEFENDANTS)**

275. Defendants repeat each of the above responses as if fully set forth herein.

276. The allegations contained in paragraph 276 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 276 of the CC.

277. The allegations contained in paragraph 277 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 277 of the CC.

278. The allegations contained in paragraph 278 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 278 of the CC.

279. The allegations contained in paragraph 279 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 279 of the CC.

280. The allegations contained in paragraph 280 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 280 of the CC.

281. The allegations contained in paragraph 281 of the CC state legal conclusions to which no response is required. To the extent a response is required, Defendants deny the allegations contained in paragraph 281 of the CC.

#### **PRAYER FOR RELIEF**

Defendants deny that Plaintiff is entitled to the requested relief.

#### **JURY DEMAND**

Plaintiff's jury demand is Plaintiff's characterization of its own allegations to which no response is required.

#### **AFFIRMATIVE DEFENSES**

1. As separate and distinct affirmative defenses, Defendants allege as follows. By alleging the matters set forth below as "Affirmative Defenses," Defendants do not thereby allege or admit that Defendants have the burden of proof or the burden of persuasion with respect to any of these matters. Furthermore, Defendants hereby give notice that they intend to rely upon such other further defenses and claims of avoidance as may become available or apparent during pretrial

proceedings in this action and hereby reserve their rights to amend their Answer and assert all such defenses.

2. This action is barred, in whole or in part, because the CC fails to state a claim upon which relief can be granted against Defendants.

3. This action is barred, in whole or in part, because Defendants are immune from liability for certain statements complained of in the CC under the safe harbor provisions of the PSLRA, 15 U.S.C. § 77z-2, and/or the bespeaks caution doctrine, where certain statements were identified as forward-looking statements and accompanied by meaningful cautionary language and/or were made without actual knowledge of their falsity.

4. This action is barred, in whole or in part, because certain statements complained of in the CC are non-actionable statements of puffery.

5. This action is barred, in whole or in part, because certain statements complained of in the CC are non-actionable statements of opinion.

6. This action is barred, in whole or in part, because the actual facts which Plaintiff alleges to have been misrepresented or omitted were in fact known to and entered the securities market through credible sources. Plaintiff and the putative class are not entitled to any recovery because the substance of the allegedly material information that Plaintiff alleges to have been omitted or misrepresented was in fact disclosed in Zillow's public filings, disclosures, and announcements, those of third parties, in the documents referenced in the CC, and/or from other sources that were otherwise publicly available and/or widely known to the market and to the investing community.

7. This action is barred, in whole or in part, because Plaintiff or putative class members were comparatively and/or contributorily negligent in that they had actual knowledge of the facts alleged to have been misrepresented or omitted, such lack of knowledge was the product of Plaintiff's and putative class members' negligence, and this negligence was a cause-in-fact and proximate cause of any alleged damages.

8. This action is barred, in whole or in part, because Plaintiff and members of the

1 putative class purchased the securities referenced in the CC with actual or constructive knowledge  
 2 of the risks involved in an investment in Zillow securities, and the risks involved with Zillow's  
 3 business and operations, and thus assumed the risk that the value of the securities referenced in the  
 4 CC would decline if such risks materialized.

5 9. This action is barred, in whole or in part, because the fraud on the market theory does  
 6 not apply.

7 10. This action is barred, in whole or in part, because Defendants were not the actual or  
 8 proximate cause of any injury to Plaintiff or members of the putative class and/or there are  
 9 intervening and superseding causes of the alleged harm, if any, suffered by Plaintiff or putative class  
 10 members.

11 11. This action is barred, in whole or in part, because at all relevant times Plaintiff and  
 12 members of the putative class did not rely on any material misrepresentations or omissions, or on  
 13 the market price or on the integrity of the market as purportedly affected by any alleged  
 14 misrepresentations or omissions, in purchasing Zillow securities.

15 12. This action is not maintainable as a class action under Rule 23 of the Federal Rules  
 16 of Civil Procedure because the requirements of Rule 23 are not met.

17 13. This action is barred, in whole or in part, because Plaintiff and/or members of the  
 18 putative class would be unjustly enriched if they were permitted to obtain any recovery in this action.

19 14. This action is barred, in whole or in part, because Plaintiff and/or members of the  
 20 putative class have failed to mitigate damages and have failed to exercise due diligence in an effort  
 21 to mitigate their damages (to which, in any event, they are not entitled).

22 15. Any recovery for damages allegedly incurred by Plaintiff or putative class members,  
 23 if any, is limited to the percentage of responsibility of Defendants in proportion to the total fault of  
 24 all persons, whether or not named as parties to this action, who may have caused or contributed to  
 25 Plaintiff's alleged damages, if any, pursuant to the proportionate liability provisions of the PSLRA,  
 26 15 U.S.C. § 78u-4(f)(3)(A).

1           16. Any recovery for damages allegedly incurred by Plaintiff or putative class members,  
2 if any, is subject to offset, including but not limited to with respect to any tax benefits actually  
3 received by Plaintiff and putative class members through their investments.

4           17. Any recovery for damages allegedly incurred by Plaintiff or putative class members,  
5 if any, is limited by the PSLRA's limitation on damages, 15 U.S.C. § 78u-4(e).

6           18. With respect to Plaintiff's claims under Section 20(a) of the Exchange Act, the 20(a)  
7 defendants acted in good faith and did not directly or indirectly induce any acts constituting the  
8 alleged violations and causes of action.

1 WHEREFORE, Defendants respectfully request that the Corrected Consolidated Class  
2 Action Complaint be dismissed with prejudice and that the Court award Defendants their costs and  
3 attorneys' fees incurred herein and any other relief deemed just and proper.

4  
5 DATED: January 23, 2023

6 By: /s/ Peter B. Morrison  
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